



California Resources Corporation Announces Carbon Dioxide Management Agreement for CTV's First Permanent Carbon Storage Project in Northern California

Project Aims to Sequester Initial 370,000 Metric Tons of CO₂ Per Annum

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LONG BEACH, Calif.--(BUSINESS WIRE)--California Resources Corporation (NYSE: CRC) today announced a Carbon Dioxide Management Agreement (CDMA) between Carbon TerraVault Holdings, LLC (CTV) and Grannus, LLC (Grannus), an independent clean-tech company that is building a portfolio of blue ammonia and hydrogen production facilities to supply the agriculture, mobility and marine fuel markets, to sequester 370,000 metric tons (MT) of carbon dioxide (CO₂) per annum at CTV III from a new blue ammonia and hydrogen plant to be constructed in Northern California. Called the Grannus Blue Ammonia and Hydrogen Project, the project aims to be California's first blue ammonia and hydrogen facility producing 150,000 MT per annum of blue ammonia and 10,000 MT per annum of blue hydrogen.

The blue ammonia facility will use Grannus' patented process which is expected to operate a virtually emissions-free facility once the CO₂ is sequestered. The facility will produce blue hydrogen which is combined with nitrogen to produce ammonia for use in nitrogen-based fertilizers, while the generated CO₂ will be captured and then stored permanently underground by CTV. California produces over a third of the country's vegetables and three-quarters of the country's fruits and nuts, providing a strong ammonia market in the state. The blue ammonia fertilizer is expected to be supplied to CALAMCO, an investor in Grannus and a California-based cooperative made up of approximately 900 dealer and grower members, which represents the majority of agricultural ammonia demand in the state.

"We are thrilled for the expansion of our decarbonization efforts in Northern California where we see an incredible amount of carbon capture and storage (CCS) opportunities," said Mac McFarland, CRC's President and Chief Executive Officer. "Our partnership with Grannus begins a new chapter of carbon storage in Northern California and also positions Grannus as one of the leading clean-tech companies in the state by introducing a blue ammonia facility in San Joaquin County with permanent CO₂ storage through Carbon TerraVault."

"As a next generation clean-tech company, we are excited to partner with such a knowledgeable carbon management provider as Carbon TerraVault due to their unique vault positioning in the heart of Northern California's industrial sectors, strong subsurface expertise, and their leadership in California's new energy economy and carbon management," added Matthew Cox, Grannus' Chief Executive Officer. "California's first blue ammonia fertilizer production facility is expected to further reduce the carbon intensity of California's agricultural sector while delivering environmentally conscious food to every American's doorstep. We look forward to furthering our decarbonization efforts in California."

CDMA Highlights:

- The Grannus Blue Ammonia and Hydrogen Project will employ a patented Partial Oxidation (POx) technology with an integrated carbon capture system. The facility is expected to produce 150,000 MT per annum of blue ammonia and 10,000 MT per annum of blue hydrogen. This translates to an initial 370,000 MT per annum of associated CO₂ that will be permanently sequestered at CTV III which has a total expected CO₂ storage capacity of 71 million MT
- Grannus has entered into a master ammonia sales agreement with CALAMCO in an amount up to its total ammonia requirements. A binding offtake agreement with respect to the Grannus Blue Ammonia and Hydrogen Project is subject to finalization and approval by Grannus and CALAMCO
- Final Investment Decision (FID) for the project and commercial operational dates are being further refined; however, at the latest the project is expected to be commercial by the end of 2027 aligning with CTV's goal of 5 million MT per annum by end of 2027
- CTV will provide infield transportation and a permanent CO₂ storage site in exchange for an injection fee on a per ton basis that fits within the previously disclosed economic type-curve for projects that require a storage-only solution
- The project's location in proximity to the CTV III vault will eliminate the need for long haul CO₂ transportation and certain midstream capital requirements
- CO₂ capture capital will be effectively eliminated as CO₂ capture equipment, the most capital-intensive portion of CCS projects, is inherently incorporated into the base design of the new Grannus Blue Ammonia and Hydrogen facility
- The CDMA provides Grannus with access to 50 surface acres with the option for an additional 50 acres if expansion is pursued
- CTV will have the right to take a majority stake in the total outstanding equity of the project company that holds the Grannus Blue Ammonia and Hydrogen Project
- CTV will have an option to purchase equity in Grannus as well as a right of first refusal to provide storage services for subsequent Grannus ammonia and hydrogen projects in California
- The CDMA frames the contractual terms between parties by outlining the material economics and terms of the project and includes conditions precedent to close. The CDMA provides a clear path for the parties to reach final definitive documents and FID

The construction process of the new Grannus Blue Ammonia and Hydrogen Project and associated CCS infrastructure is expected to provide at its peak approximately 250 temporary construction jobs and 31 permanent technical jobs, further benefiting California's economy and supporting the state's energy transition ambitions.

About Carbon TerraVault

Carbon TerraVault Holdings, LLC (CTV), a subsidiary of CRC, provides services that include the capture, transport and storage of carbon dioxide for its customers. CTV is engaged in a series of CCS projects that inject carbon dioxide (CO₂) captured from industrial sources into depleted underground reservoirs and permanently store CO₂ deep underground. For more information about CTV, please visit www.carbonterravault.com.

About California Resources Corporation

California Resources Corporation (CRC) is an independent oil and natural gas company committed to energy transition in the sector. CRC has some of the lowest carbon intensity production in the US and CRC is focused on maximizing the value of our land, mineral and technical resources for decarbonization by developing CCS and other emissions reducing projects. For more information about CRC, please visit www.crc.com.

About Grannus

Grannus, LLC is an independent clean-tech company that is building a portfolio of blue ammonia and hydrogen production facilities to supply the agriculture, mobility and marine fuel markets. Grannus is focused on selecting technologies and processes that improve the project's environmental profile while simultaneously delivering attractive returns to stakeholders. Grannus was formed in 2012 to develop and bring to market next generation hydrogen and ammonia production process technology. Grannus' patented process replaces the traditional steam methane reformer with a more efficient partial oxidation boiler. This novel process creates synthesis gas at the lowest emissions level in the industry at efficiency levels exceeding existing best-of-class plant designs. For more information, visit www.grannusllc.com.

Forward-Looking Statements

This document contains statements that CRC believes to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts are forward-looking statements, and include statements regarding CRC's future financial position, business strategy, projected revenues, earnings, costs, capital expenditures and plans and objectives of management for the future. Words such as "expect," "could," "may," "anticipate," "intend," "plan," "ability," "believe," "seek," "see," "will," "would," "estimate," "forecast," "target," "guidance," "outlook," "opportunity" or "strategy" or similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements.

Although CRC believes the expectations and forecasts reflected in CRC's forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond CRC's control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time. Particular uncertainties that could cause CRC's actual results to be materially different than those expressed in CRC's forward-looking statements include:

- fluctuations in commodity prices and the potential for sustained low oil, natural gas and natural gas liquids prices;
- equipment, service or labor price inflation or unavailability;
- legislative or regulatory changes, including those related to (i) the location, drilling, completion, well stimulation, operation, maintenance or abandonment of wells or facilities, (ii) the management of energy, water, land, greenhouse gases (GHGs) or other emissions, (iii) the protection of health, safety and the environment, (iv) CRC's ability to claim and utilize tax credits or other incentives, or (v) the transportation, marketing and sale of CRC's products and CO₂;
- availability or timing of, or conditions imposed on, permits and approvals necessary for drilling or development activities and carbon management projects;
- changes in business strategy and CRC's capital plan;
- lower-than-expected production, reserves or resources from development projects or acquisitions, or higher-than-expected decline rates;

- incorrect estimates of reserves and related future cash flows and the inability to replace reserves;
- the recoverability of resources and unexpected geologic conditions;
- CRC's ability to successfully execute on the construction and other aspects of the infrastructure projects and enter into third party contracts on contemplated terms;
- CRC's ability to realize the benefits contemplated by the business strategies and initiatives related to energy transition, including carbon capture and storage projects and other renewable energy efforts;
- CRC's ability to successfully identify, develop and finance carbon capture and storage projects and other renewable energy efforts, including those in connection with the Carbon TerraVault;
- CRC's ability to finalize definitive documents and reach a final investment decision with respect to the project contemplated by a carbon development management agreement, and its ability to enter into new carbon development management agreements that are under discussion with other counterparties;
- the timing and ability of the Grannus Blue Ammonia and Hydrogen Project to achieve expected production volumes of ammonia and hydrogen and associated CO₂ and the ability of the CTV to sequester such CO₂ volumes;
- the negotiation of a binding offtake agreement between Grannus and CALAMCO for the Grannus Blue Ammonia and Hydrogen Project;
- global geopolitical, socio-demographic and economic trends and technological innovations;
- changes in CRC's dividend policy and its ability to declare future dividends under its debt agreements;
- changes in CRC's share repurchase program and its ability to repurchase shares under its debt agreements;
- production-sharing contracts' effects on production and operating costs;
- limitations on CRC's financial flexibility due to existing and future debt;
- insufficient cash flow to fund CRC's capital plan and other planned investments, stock repurchases and dividends;
- insufficient capital or lack of liquidity in the capital markets or inability to attract potential investors;
- limitations on transportation or storage capacity and the need to shut-in wells;
- inability to enter into desirable transactions, including acquisitions, asset sales and joint ventures;
- CRC's ability to achieve expected synergies from joint ventures and acquisitions;
- CRC's ability to utilize its net operating loss carryforwards to reduce its income tax obligations;

- CRC's ability to successfully gather and verify data regarding emissions, its environmental impacts and other initiatives;
- the compliance of various third parties with CRC's policies and procedures and legal requirements as well as contracts it enters into in connection with CRC's climate-related initiatives;
- the effect of CRC's stock price on costs associated with incentive compensation;
- changes in the intensity of competition in the oil and gas industry;
- effects of hedging transactions;
- climate-related conditions and weather events;
- disruptions due to accidents, mechanical failures, power outages, transportation or storage constraints, natural disasters, labor difficulties, cyber-attacks or other catastrophic events;
- pandemics, epidemics, outbreaks, or other public health events, such as the COVID-19; and
- other factors discussed in Part I, Item 1A – Risk Factors in CRC's Annual Report on Form 10-K and its other SEC filings available at www.crc.com.

CRC cautions you not to place undue reliance on forward-looking statements contained in this document, which speak only as of the filing date, and CRC undertakes no obligation to update this information. This document may also contain information from third party sources. This data may involve a number of assumptions and limitations, and CRC has not independently verified them and do not warrant the accuracy or completeness of such third-party information.

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